

**SUMMARY OF MAJOR CHANGES TO  
DOD 7000.14-R, VOLUME 6B, CHAPTER 6  
“STATEMENT OF CHANGES IN NET POSITION”**

Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision

<b>PARA</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
<b>060202.2</b>	<b>Added an example of a Department of Defense Component that would report “Taxes and Other Nonexchange Revenue.” The United States Army Corps of Engineers (Civil Works) receives taxes on exports and foreign trade in the Inland Waterways and Harbor Maintenance Trust Fund accounts.</b>	<b>Revised</b>
<b>060202.4</b>	<b>Added Office of Management and Budget guidance limiting the recognition of imputed financing to five categories. In the past, the Office of Management and Budget issued this guidance in an annual memorandum.</b>	<b>Revised</b>

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## CHAPTER 6

**STATEMENT OF CHANGES IN NET POSITION**0601 FORMAT FOR THE STATEMENT OF CHANGES IN NET POSITION

★ 060101. Format for the Consolidated Comparative Statement of Changes in Net Position. The format presented in Figure 6-1 shall be used for the consolidated comparative Statement of Changes in Net Position. The working versions of all statements shall include line numbers as shown. All amounts shall be in dollars and cents in the working versions of the statements (and notes) in order to improve communication among the preparers, the reviewers and the auditors during the financial statements preparation process; and, in addition, to minimize the additional time and workload required to round and reconcile dollar amounts.

★ 060102. Format for the Consolidating Comparative Statement of Changes in Net Position. The format presented in (Figure 6-2) shall be used for the consolidating comparative Statement of Changes in Net Position. The working versions of all statements shall include the line numbers as shown. All amounts shall be in dollars and cents in the working versions of the statements.

★ 060103. Final Published Statement of Changes in Net Position Format. The final Department of Defense (DoD) Agency-wide published statements (and the notes to the principal statements) shall display dollars rounded to millions with one decimal point. All Component statements (and the notes to the principal statements) shall display dollar amounts rounded to the nearest whole thousand on the final published principal statements. The line numbers shown in Figures 6-1 and 6-2 on the statements are not required for the final published version and it is encouraged that line number references not be included on the final published statements.

<b>DEPARTMENT OF DEFENSE</b> <b>[REPORTING ENTITY]</b> <b>CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION</b> <b>Year Ended September 30,</b> <b>(Amounts in millions)</b>			<b>[Current FY]</b>	<b>[Prior FY]</b>
<b>1. Net Cost of Operations</b>	<b>\$</b>	<b>1,222.2</b>	<b>\$</b>	<b>1,111.1</b>
<b>2. Financing Sources</b> (other than exchange revenues):				
A. Appropriations Used		<b>1,131.2</b>		427.8
B. Taxes and Other Nonexchange Revenue		<b>33.3</b>		22.2
C. Donations – Nonexchange Revenue		<b>3.3</b>		2.2
D. Imputed Financing <sup>(note 20)</sup>		<b>225.7</b>		174.8
E. Transfers – In		<b>213.7</b>		222.2
F. Transfers – Out		<b>(663.7)</b>		(437.9)
G. Other		<b>101.0</b>		33.2
H. Total Financing Sources (other than exchange Revenues)	<b>\$</b>	<b>444.5</b>	<b>\$</b>	444.5
<b>3. Net Results of Operations</b>	<b>\$</b>	<b>(777.7)</b>	<b>\$</b>	(666.6)
<b>4. Prior Period Adjustments</b> <sup>(note 20)</sup>		<b>222.2</b>		222.2
<b>5. Net Change in Cumulative Results of Operations</b>	<b>\$</b>	<b>(555.5)</b>	<b>\$</b>	(444.4)
<b>6. Increase (Decrease) in Unexpended Appropriations</b>		<b>(333.3)</b>		(222.2)
<b>7. Change in Net Position</b>	<b>\$</b>	<b>(888.8)</b>	<b>\$</b>	(666.6)
<b>8. Net Position – Beginning of the Period</b>		<b>(777.7)</b>		(111.1)
<b>9. Net Position – End of the Period</b>	<b>\$</b>	<b>(1,666.5)</b>	<b>\$</b>	(777.7)
Accompanying notes are an integral part of these financial statements. See notes 1 and 20.				

Figure 6-1

DEPARTMENT OF DEFENSE [REPORTING ENTITY] CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION Year Ended September 30, (Amounts in thousands)						
	Subentity A	Subentity B	Combined Total	Intraentity Eliminations	[Current FY] Consolidated Total	[Prior FY] Consolidated Total
<b>1. Net Cost of Operations</b>	\$ 733,320	\$ 488,880	\$ 1222,200		<b>\$ 1,222,200</b>	<b>\$ 1,111,100</b>
<b>2. Financing Sources (other than exchange revenues):</b>						
A. Appropriations Used	318,720	212,480	531,200	-	<b>531,200</b>	427,800
B. Taxes and Other Nonexchange Revenue	19,980	13,320	33,300	-	<b>33,300</b>	22,200
C. Donations – Nonexchange Revenue	1,980	1,320	3,300	-	<b>3,300</b>	2,200
D. Imputed Financing <sup>(note 20)</sup>	135,420	90,280	225,700	-	<b>225,700</b>	174,800
E. Transfers – In	128,220	85,480	237,700	(24,000)	<b>213,700</b>	222,200
F. Transfers – Out	(398,220)	(265,480)	-687,700	24,000	<b>(663,700)</b>	(437,900)
G. Other	60,600	40,400	101	-	<b>101,000</b>	33,200
H. Total Financing Sources (other than Exchange revenues)	\$ 266,700	\$ 177,800	\$ 444,500	\$ 0	<b>\$ 444,500</b>	\$ 444,500
<b>3. Net Results of Operations</b>	(466,620)	(311,080)	(777,700)	-	<b>(777,700)</b>	(666,600)
<b>4. Prior Period Adjustments</b> <sup>(note 20)</sup>	266,640	177,760	444,400	-	<b>444,400</b>	222,200
<b>5. Net Change in Cumulative Results of Operations</b>	\$ 199,980	\$ 133,320	\$ 333,300	-	<b>\$ 333,300</b>	\$ (444,400)
<b>6. Increase (Decrease) in Unexpended Appropriations</b>	(199,980)	(133,320)	(333,300)	-	<b>(333,300)</b>	222,200
<b>7. Change in Net Position</b>	\$ 0	\$ 0	\$ 0	-	<b>\$ 0</b>	\$ 222,200
<b>8. Net Position – Beginning of the Period</b>	266,640	177,760	444,400	-	<b>444,400</b>	222,200
<b>9. Net Position – End of the Period</b>	\$ 266,640	\$ 177,760	\$ 444,400	-	<b>\$ 444,400</b>	\$ 444,400
Accompanying notes are an integral part of these financial statements. See notes 1 and 20.						

Figure 6-2

0602 INSTRUCTIONS FOR THE PREPARATION OF THE STATEMENT OF CHANGES IN NET POSITION

★ 060201. General Instructions. The Statement of Changes in Net Position reports the beginning net position, the items which caused net position to change during the reporting period, and the ending net position. The reporting entity shall include a consolidated and a consolidating Statement of Changes in Net Position in the audited financial statements and display information organized by responsibility segment, subentity, or otherwise in the same manner as the Statement of Net Cost subentity. The Formats displayed in Figures 6-1 and 6-2 use notional data to assist the user. All amounts used in the Statement of Changes in Net Position are based on the preclosing trial balances. See Appendix B for required reconciliations related to this statement.

060202. Line Item Instructions. In addition to the narrative below, see the United States Government Standard General Ledger crosswalk to statement lines in Appendix E for a description of the accounts and attributes as applied to each line item.

A. Net Cost of Operations (Line 1). This is the net cost of operations reported on the Statement of Net Cost, line 4. See Appendix B for the required reconciliation.

B. Financing Sources (Other than Exchange Revenue) - Line 2

1. Appropriations Used (Line 2.A). Appropriations are considered used as a financing source when goods and services are received, or benefits are provided, under authority of the appropriations. This is true whether the goods, services, and benefits are paid prior to the reporting date or are payable as of that date, and whether the appropriations are used for items which are recorded as expenses or are capitalized. In order to preclude double counting, appropriations used do not include dedicated tax receipts and donations because these sources are reported as nonexchange revenues. In addition, appropriations used by collecting entities to provide refunds of monies deposited to the United States (U.S.) Treasury or the trust funds or to repay debt are also excluded because they do not provide budgetary authority.

★ 2. Taxes and Other Nonexchange Revenue (Line 2.B). Revenues the federal government is able to demand or receive due to its sovereign powers. A few DoD reporting entities receive nonexchange revenue applicable to this category, e.g., the U.S. Army Corps of Engineers (Civil Works) receives nonexchange revenues, primarily derived from taxes on exports and foreign trade and accounted in the Inland Waterways and Harbor Maintenance Trust Fund accounts.

3. Donations - Nonexchange Revenue (Line 2.C). Voluntary gifts of resources to the federal government by nonfederal entities. Donations may be financial resources, such as cash or securities, or nonfinancial resources such as land or buildings. The amount of revenue arising from donations of nonfinancial resources shall be recognized in accordance with criteria in Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant, and Equipment," and should be valued at the estimated fair value at the time of the contribution. The exception, Stewardship property, plant and equipment (PP&E), consists of

National Defense PP&E, heritage assets, and stewardship land. Such PP&E is expensed when purchased, but no amount is recognized if it is received as a donation. Correspondingly, no revenue is recognized for such donations.

★ 4. Imputed Financing (Line 2.D). This amount includes financing of certain costs by one federal entity on behalf of another federal entity (e.g., the payment of certain employee benefit costs by the Office of Personnel Management for employees of other federal agencies). Imputed financing shall equal the amount of imputed costs included in amounts reported on the Statement of Net Cost. Include on this line, imputed financing amounts for: (a) employees' pension (civilian and military); (b) the post-retirement health (civilian and military) (c) employee life insurance benefits; (d) other post-employment benefits for retired, terminated, and inactive employees, which includes unemployment and workers compensation under the Federal Employee's Compensation Act; (e) losses in litigation proceedings related to the Judgment Fund not reimbursed by the Department. Moreover, to ensure consistency agencies should not recognize imputed revenue other than those listed until the Office of Management and Budget provides further guidance. Information on imputed financing is disclosed in note 20.

5. Transfers - In (Line 2.E). An intragovernmental transfer of cash, capitalized assets, liabilities, or other items without reimbursement shall be recognized by the receiving entity as a transfer-in. The amount recognized shall be the transferring entity's book value. If book value is not known, the amount recognized should be the asset's estimated fair value at the date of the transfer.

6. Transfers - Out (Line 2.F). An intragovernmental transfer of cash, capitalized assets, liabilities, or other items without reimbursement shall be recognized by the transferring entity as a transfer-out. The amount recognized should be the transferring entity's book value. If book value is not known, then the amount recognized should be the asset's estimated fair value at the date of the transfer. Transfers out are intragovernmental/federal, e.g., transfer of capitalized assets. If, however, the transfer out of a capitalized asset involves a cost sharing, then only the net value of the capitalized asset not reimbursed shall be treated as a transfer out. To the extent that exchange revenue included in calculating an entity's net cost of operations is required to be transferred to the U.S. Treasury or another federal entity, the amount transferred shall be recognized as a transfer-out. Enter transfers-out as a negative number.

7. Other (Line 2.G). This line includes financing sources (nonexchange revenues) other than those identified in Lines 2.A. through 2.F. The elements of this line shall be disclosed in note 20 if the total amount on this line exceeds \$100 million or if the amount represents more than 10 percent of the value of line 2.H, Total Financing Sources.

8. Total Financing Sources (Other than Exchange Revenues) (Line 2.H). Calculation: Sum Lines 2.A through 2.G.

C. Net Results of Operations (Line 3). Calculation: Line 2.H less Line 1.

D. Prior Period Adjustments (Line 4). Prior period adjustments shall be limited to corrections of errors and accounting changes with retroactive effect that can either increase or decrease net position depending on their nature, including those occasioned by the adoption of new federal financial accounting standards. Enter increases as a positive number; enter decreases as a negative number. Adjustments are included in the calculation of the net change in cumulative results of operations, rather than as an element of net results of operations for the period. Prior period financial statements shall not be restated for prior period adjustments. The material portions of the amount reported on this line shall be disclosed in note 20.

E. Net Change in Cumulative Results of Operations (Line 5). Calculation: Line 3 plus Line 4.

F. Increase (Decrease) in Unexpended Appropriations (Line 6). The change from the beginning of the period in the amount of appropriations that have been made available but have not been used. Enter increases as a positive number; enter decreases as a negative number.

G. Change in Net Position (Line 7). Calculation: Line 5 plus Line 6.

H. Net Position - Beginning of Period (Line 8). The amount is the net position reported on the prior year's balance sheet.

I. Net Position - End of Period (Line 9). This amount shall agree with the amount reported as net position on the current year balance sheet. Calculation: Line 7 plus Line 8.